

South Dakota Freight Capacity Expansion Project

Improvements to South Dakota Rail Infrastructure

Increasing Capacity and Velocity

Providing Better Service to South Dakota Agriculture and Industry

Introduction:

Since its formation on June 1, 2014, the Rapid City, Pierre & Eastern Railroad (RCP&E) has worked to address a significant backlog in grain shipments from South Dakota elevators to both domestic and international destinations. The management team of the railroad reacted strongly to meet this challenge. A new, more aggressive operating plan was implemented along with increases in the number of employees, locomotives and freight cars on the railroad.

In addition to the other areas of investments, RCP&E also improved its track structure and right-of-way. From its start-up through the end of 2015, a total of almost \$32 million of railroad funds has been or will be spent on track improvements. This includes a significant reduction in the number of slow orders on the RCP&E main line present at start-up.

With the support of a grant from the State of South Dakota, two new sidings will be installed in 2015: A 10,000-foot siding at a greenfield site immediately west of Huron, an 7,400-foot passing track at Aurora. These two sidings will significantly improve the capacity of the eastern side of RCP&E, and the Aurora siding will allow for more timely local service by allowing for switching to be done concurrently with main line operations. The total cost of these two sidings is \$7.5 million, with the expense shared equally between the State and RCP&E (RCP&E share is included in the \$32 million referenced above).

All these efforts have resulted in RCP&E being better able to meet South Dakota customer needs. The backlog of rail pending shipments from South Dakota elevators has been consistently dropping. This is very important to help clear demand for shipments as much as possible before the next harvest begins.

Opportunity for Increasing Capacity and Velocity:

Two new investments in RCP&E track infrastructure will continue the work to increase the capacity of the railroad to handle future shipment demands of South Dakota customers:

1. A new 7,000-foot siding at Philip, South Dakota (Milepost 559.7), approximately halfway between Fort Pierre and Rapid City.

Explanation: Currently, the 165 miles of main line between Fort Pierre (Milepost 484.4) and Rapid City (Milepost 649.2) has very limited main line siding capacity to allow two large trains to pass. This restricts operations over this entire section of railroad to only one train at a time. With a speed limit over almost this entire line segment of 10 mph, the total volume this line can handle is severely limited. Philip is a crew base on RCP&E, and a siding at this location will help maximize the potential to run more trains west of Fort Pierre. Construction of the new siding will allow for up to approximately 100 additional trains per year over this section of the RCP&E, as future demand warrants.

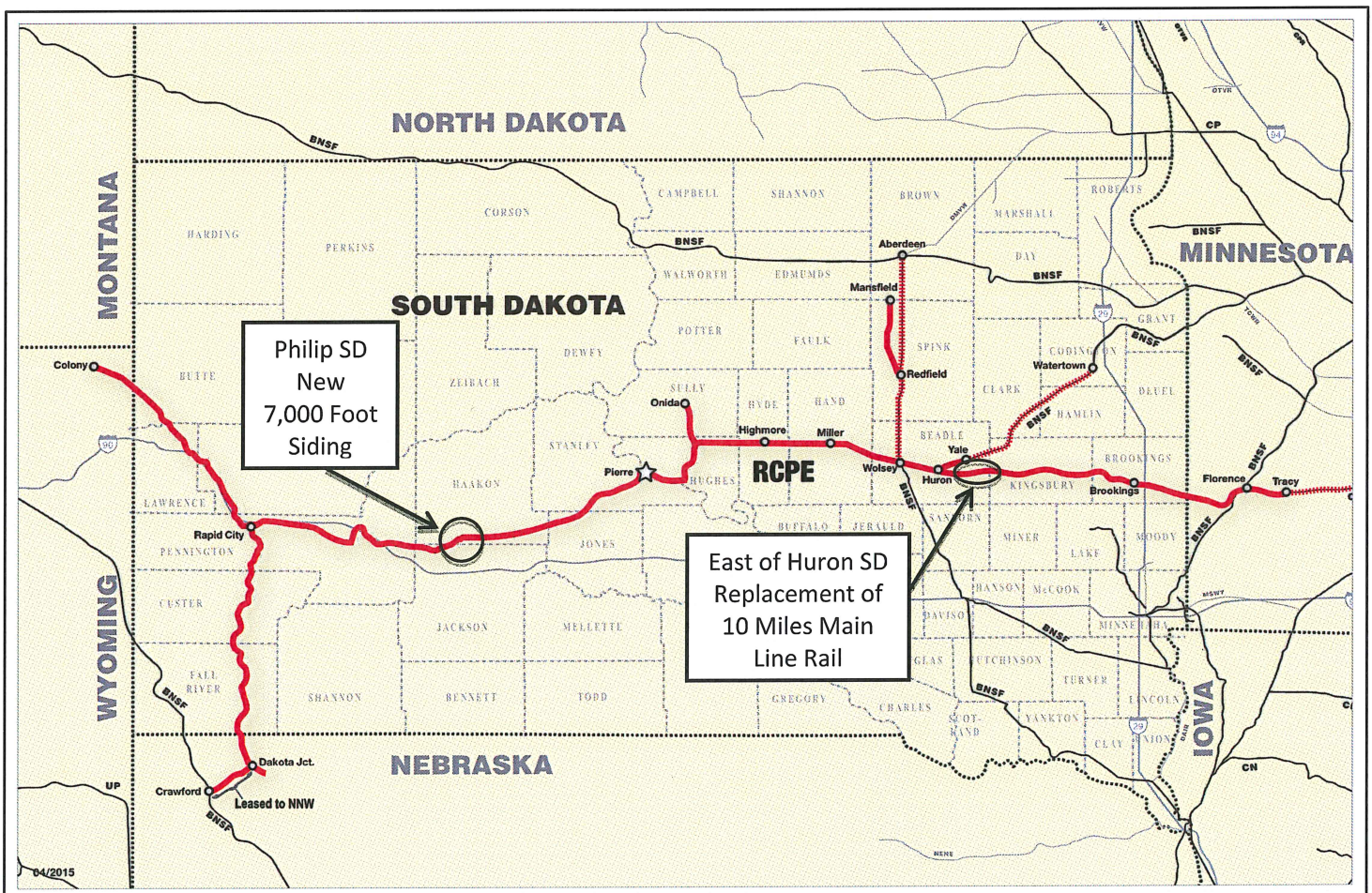
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2. Upgrading approximately ten miles of main line track east of Huron, South Dakota. This includes replacing old 100 pound jointed rail with new 115 pound continuous welded rail and installing 7,550 new ties. The 100 pound rail was largely produced between 1920 and 1930, and has reached the end of its economic life.

Explanation: Replacement of this main line rail starting at Huron and progressing east (Milepost 351.65 to 359.9, and from Mileposts 362.8 to 363.8) and upgrading crosstie condition will allow for increasing the train speed limit on this section from 10 mph to 40 mph. This will allow this section of the line to be more consistent with the balance of the main line between Huron and Tracy, Minnesota which generally operates at 40 mph. This improvement result in reduced transit time, increased mainline fluidity, and a provide a more reliable track structure.

Financing the Project, using Railroad, State and Federal Funds:

Total Project	\$12,400,000
TIGER VII Grant	\$ 6,000,000
RCP&E Private Funds	\$ 4,400,000
State of South Dakota Grant	\$ 2,000,000



**Statement of Support
for the awarding of a
United States Department of Transportation
TIGER VII Grant
to the
South Dakota Freight Capacity Expansion Project**

May 2015

The Rapid City, Pierre & Eastern Railroad provides critical freight services to the counties across South Dakota. The railroad is an important means of moving grain from the state to consuming locations, both domestic and international, and serves numerous other industries, ranging from cement to ethanol production. It is a significant part of the overall economic foundation of South Dakota.

Recently, the undersigned became aware that South Dakota Department of Transportation will be submitting to the U.S. Department of Transportation a TIGER program grant request for important improvements to the Rapid City, Pierre & Eastern Railroad. It is vital that the rail network in South Dakota continue to be able to meet the needs of agriculture and other industries.

The proposed improvements will enable the railroad to have the capacity to efficiently handle projected increases of freight traffic for South Dakota farmers and manufacturers. Specifically, these improvements include replacing 10 miles of old, lighter-weight sectional rail east of Huron, South Dakota, and constructing a new main line passing siding in Philip, South Dakota.

A TIGER grant will augment matching contributions offered by both the State of South Dakota and the railroad to allow these new investments to be made.

The undersigned to this statement of support hereby respectfully request that U.S. Department of Transportation Secretary Anthony Foxx provides his full support to this grant request.



Brookings County
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United States Department of Transportation
TIGER VII Grant
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South Dakota Freight Capacity Expansion Project**

May 5, 2015

The undersigned Commissioners of Brookings County, South Dakota hereby provide their formal support to the TIGER application being made by South Dakota Department of Transportation for the South Dakota Freight Capacity Expansion Project.

Commission Chairperson, Tom Yseth

Commission Vice-Chairperson, Ryan Krogman

Commissioner Larry Jensen

Commissioner Stephne Miller

Commissioner Lee Ann Pierce
